

ANNUAL BUDGET OF
**ENGCOBO LOCAL
MUNICIPALITY**

2017/18 TO 2019/20
REVENUE AND EXPENDITURE
FORECASTS

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Abbreviations and Acronyms

BPC	Budget Planning Committee		Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
MM	Municipality Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
DoRA	Division of Revenue Act	MSA	Municipal Systems Act
EE	Employment Equity	MTEF	Medium-term Expenditure Framework
EM	Executive Mayor	MTREF	Medium-term Revenue and Expenditure Framework Regulator South Africa
FBS	Free basic services		
GAMAP	Generally Accepted Municipal Accounting Practice	NGO	Non-Governmental organisations
GDP	Gross domestic product	NKPIs	National Key Performance Indicators
GFS	Government Financial Statistics	OHS	Occupational Health and Safety
GRAP	General Recognised Accounting Practice	OP	Operational Plan
HR	Human Resources	PMS	Performance Management System
HSRC	Human Science Research Council	PPE	Property Plant and Equipment
IDP	Integrated Development Strategy	SALGA	South African Local Government Association
IT	Information Technology	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		

Part 1 – Annual Budget

1.1 Mayor's Report

It is that time of the year as required by the MFMA section 16 (2) which stipulate that a municipal council must consider and approve an annual budget,

I stand before you today to table the annual budget for consideration by the council that will be the tool used for the next year in ensuring that the lives of the communities are improved through sustainable service delivery to them.

Steps to prepare the annual budget have been followed starting with the approval of the budget process plans and compiling the budget. The municipality has developed an IDP which is a tool which gives guidance to the future plans of the municipality. Based on the IDP, SDBIP has been developed which gives a clear picture of the needs of each department. The budget has been prepared based on the plans as highlighted on the IDP.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A critical review was also undertaken of expenditures on noncore items.

Table A4: Budget financial performance:

EC137 Engcobo - Table A4 Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source			
Property rates	3 859	4 079	4 307
Service charges - refuse revenue	1 034	1 093	1 155
Rental of facilities and equipment	247	261	157
Interest earned - external investments	8 000	8 456	8 930
Interest earned - outstanding debtors	500	530	560
Dividends received		–	–
Fines, penalties and forfeits	2 000	2 114	2 232

Licences and permits	5 800	6 131	6 474
Transfers and subsidies	137 849	139 622	139 440
Other revenue	5 159	5 565	5 876
Total Revenue (excluding capital transfers and contributions)	164 447	167 850	169 131
Expenditure By Type			
Employee related costs	72 568	76 705	81 000
Remuneration of councillors	13 691	14 472	15 282
Debt impairment	2 800	2 960	3 125
Depreciation & asset impairment	40 000	42 280	44 648
Finance charges			
Bulk purchases	–	–	–
Other materials	5 470	5 782	6 106
Contracted services	–	–	–
Transfers and subsidies	–	–	–
Other expenditure	58 232	64 934	68 570
Loss on disposal of PPE			
Total Expenditure	192 762	207 132	218 731
Surplus/(Deficit)	(28 315)	(39 282)	(49 600)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	52 156	61 273	63 508
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–
Transfers and subsidies - capital (in-kind - all)			
Surplus/(Deficit) after capital transfers & contributions	23 841	21 991	13 908
Taxation			
Surplus/(Deficit) after taxation	23 841	21 991	13 908
Attributable to minorities			
Surplus/(Deficit) attributable to municipality	23 841	21 991	13 908

Share of surplus/ (deficit) of associate			
Surplus/(Deficit) for the year	23 841	21 991	13 908

The budget is in deficit as a result of non-cash items which is Depreciation, leave provision and provision for bad debts. The statement of financial performance shows that our budget is fully funded with a surplus of R23 841 000 that is going to fund capital expenditure. The Municipality needs to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

BUDGET HIGHLIGHTS

The Municipality has remained focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

The municipality has set aside R1 000 000 for development of its employees; this will help to capacitate the employees on the areas where development is needed and R1 500 000 also bursaries for the disadvantaged youth within our borders,

The budget sees to enhance service delivery aimed at improving the quality of life for all people within Engcobo Local Municipality

The emphasis on the budget are on creation of job opportunities through rural developments, Community projects and EPWP program and other LED programs. The municipality has embarked on a program to fight HIV and AIDS through partnership with Health department.

Table SA21 Transfers and grants:

The budget allocated for free basic services is no longer captured in the table as per circular 85, but the municipality continues to provide the free basic services (electricity & Solar) to indigent community but budget for 2017/18 financial year is R3500 000.

EMPLOYEE COSTS

All the post on the approved organogram has been provided for in this budget, Actual figures of February were used to project the total cost of employee cost for 2017/2018 financial year. As per Circular 86 the Following percentages were used to budget for employee cost.

7.4% Salary increase

2.5% notch increment.

Employee costs has been increased by 9.9%

5.5 ADOPTION OF FINAL BUDGET 2017/18**5.5.1 Budgeted Financial Performance:**

Budgeted Financial Performance (revenue and expenditure)			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source			
Property rates	3 859	4 079	4 307
Service charges - refuse revenue	1 034	1 093	1 155
Rental of facilities and equipment	247	261	157
Interest earned - external investments	8 000	8 456	8 930
Interest earned - outstanding debtors	500	530	560
Dividends received		-	-
Fines, penalties and forfeits	2 000	2 114	2 232
Licences and permits	5 800	6 131	6 474
Transfers and subsidies	137 849	139 622	139 440
Other revenue	5 159	5 565	5 876
Total Revenue (excluding capital transfers and contributions)	164 447	167 850	169 131
Expenditure By Type			
Employee related costs	72 568	76 705	81 000
Remuneration of councillors	13 691	14 472	15 282
Debt impairment	2 800	2 960	3 125
Depreciation & asset impairment	40 000	42 280	44 648
Finance charges			
Bulk purchases	-	-	-
Other materials	6 640	7 018	7 412
Contracted services	-	-	-

Transfers and subsidies	–	–	–
Other expenditure	58 232	64 934	68 570
Loss on disposal of PPE			
Total Expenditure	193 932	208 368	220 037
Surplus/(Deficit)	(29 485)	(40 519)	(50 906)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	52 156	61 273	63 508
Transfers and subsidies - capital (in-kind - all)			
Surplus/(Deficit) after capital transfers & contributions	22 671	20 754	12 602
Taxation			
Surplus/(Deficit) after taxation	22 671	20 754	12 602
Attributable to minorities			
Surplus/(Deficit) attributable to municipality	22 671	20 754	12 602
Share of surplus/ (deficit) of associate			
Surplus/(Deficit) for the year	22 671	20 754	12 602

Revenue

- Circular 86 was to budget for Property rates & refuse service charges.
- The municipality is going to open an investment account where we will earn more interest because we have an account that we deposit all vat returns claimed from SARS currently the balance of that account is R55 627 120 we believe if we can open a fixed deposit we can earn more interest.
- On the month of November we managed to collect R80 500 for traffic fines and we going employ four traffic wardens on top of the existing traffic officers.
- The municipality is going to extend its testing grounds so we can be able to do more drivers licence test.
- We don't have prior years because of the MSCOA template we using for budgeting because it's different from the ones we were using in prior years.

Expenditure

- 7.4 percent from circular 86.
- 2.5 percent as per the bargaining council agreement.

- 9.9 percent and February actuals were used to budget for employee related costs.
- 4 percent and February actuals was used to budget for remuneration of councillors.
- The total operating expenditure amount to R193 032 million this include non-cash items Debt impairment R2 800 000 and depreciation R40 000 000.

The final budget was tabled to the Council by the Honourable Mayor:

She reported the total income of the municipality is R216 million and the operating expenditures is R193 932 million this include non-cash items amount to R 42 800 million. The salaries for the whole institution are not exceeding a threshold of 35% of the total expenditure. It was further reported that the budget have accommodate the 7.4% + 2.5% of the wage increase of employees following the correspondence from South African Bargaining council.

5.5.2 Budgeted Financial Performance:

Budgeted Capital Expenditure by vote			
Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Capital expenditure - Vote</u>			
<u>Single-year expenditure to be appropriated</u>			
Executive & Council	100	106	112
Municipal manager	6 100	6 448	6 809
Corporate Services	700	740	781
Community services	5 211	5 507	5 816
Financial Services	250	264	279
INFRASTRUCTURAL ENGINEERING	54 281	57 375	60 588
Capital single-year expenditure sub-total	66 642	70 440	74 385
Total Capital Expenditure - Vote	66 642	70 440	74 385
<u>Capital Expenditure - Functional</u>			
<i>Governance and administration</i>	1 050	1 110	1 172
Executive and council	100	106	112
Finance and administration	950	1 004	1 060
Internal audit	-	-	-

<i>Community and public safety</i>	5 211	5 507	5 816
Community and social services	5 211	5 507	5 816
<i>Economic and environmental services</i>	47 381	43 823	47 397
Planning and development	6 100	6 448	6 809
Road transport	41 281	37 375	40 588
Environmental protection			
<i>Trading services</i>	13 000	20 000	20 000
Energy sources	13 000	20 000	20 000
Total Capital Expenditure - Functional	66 642	70 440	74 385
Funded by:			
National Government	52 156	61 273	63 508
Transfers recognised - capital	52 156	61 273	63 508
Internally generated funds	14 486	9 167	10 877
Total Capital Funding	66 642	70 440	74 385

- Our capital budget is R66 642 million this budget is funded by capital grants and our own revenue.
- There are three electrification projects that are going to be funded by R13 million from Electrification grant.
- 18 access roads will be funded by MIG grant (R39 156 million)

RESOLUTION

It was resolved that:

Res82/31/05/2017 –The final budget be adopted by the council. Council approves the mSCOA Budget it is approved with subsequent changes made according to NT for mSCOA compliance (possible changes to be made to GUIDs only and not affecting the surplus or deficit) and that the council resolution reads as such.

1.3. Executive Summary

As required by the section 24 of the Municipal Finance Management Act, (Act 56 of 2003) which stipulate that a municipal council must consider and approve an Annual budget.

Steps to prepare the new budget have been followed starting with the approval of the budget process plans and policies to be used when compiling the budget. The municipality has developed an IDP which is a tool which gives guidance to the future plans of the municipality. Based on the IDP, SDBIP has been developed which gives a clear picture of the needs of each department. The budget has been prepared based on the plans as highlighted on the IDP.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. Key areas where savings were realized were on telephone, printing, workshops, national travel, accommodation, Subsistence and travelling allowances, overtime and catering.

The budget is in deficit as a result of non-cash Items which is Depreciation, leave provision and provision for bad debts. The Municipality need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

National Treasury's MFMA Circular No. 85 & 86 was used to guide the compilation of the 2017/18 MTREF.

The main challenges experienced during the compilation of the 2017/18 MTREF can be summarized as follows:

- Aging and poorly maintained roads.
- The need to prioritize projects and expenditure within low revenue base.
- Agreeing with the communities on the tariffs as they raise dis-satisfaction on certain areas on service delivery.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- The budget has been prepared based on the plans as highlighted on the IDP.
- Activity based costing was used as each items on the budget is supported by a list or motivation setting out the intention and cost of the expenditure.
- Inflation rate was use as guide on determining tariffs for the municipality

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

The budget for the 2017/18 financial year reflects strategy and priorities of Engcobo municipality with those of the Province of the Eastern Cape as well as the priorities and strategies of the National Development Plan. It is therefore inspiring when Engcobo municipality received an unqualified audit opinion as was announced by auditor general in 30 November 2016. The management and the employees have big role that they have to play to maintain the audit opinion.

The budget circular 85 & 86 were used to prepare the budget for 2017/18 financial year, the tariffs for the services offered by municipality will increase by 6.4%. The 2017/18 budget for Engcobo municipality amounts to approximately R 259 904 million, this constitutes operating expenditure of R192 762 million and capital expenditure of R66 642 million.

	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Total Revenue by Vote	216 603	229 123	232 639
Total Expenditure	192 762	207 132	218 731
Total Capital Expenditure - Functional	66 642	70 440	74 384
Surplus/(Deficit)	-42 800	-48 449	-60 476

The deficit is caused by the non-cash items depreciation and provision for bad debts.

1.4 Table 1 Consolidated Overview of the 2016/17 MTREF:

EC137 Engcobo - Table A1 Budget Summary			
Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands			
<u>Financial Performance</u>			
Property rates	3 859	4 079	4 307
Service charges	1 038	1 093	1 154
Investment revenue	8 000	8 456	8 930
Transfers recognised - operational	137 849	139 622	139 440
Other own revenue	13 705	14 600	15 300
Total Revenue (excluding capital transfers and contributions)	164 450	167 849	169 130
Employee costs	72 568	76 705	81 000
Remuneration of councillors	13 691	14 472	15 282
Depreciation & asset impairment	40 000	42 280	44 648
Finance charges	–	–	–
Materials and bulk purchases	5 470	5 782	6 106
Transfers and grants	–	–	–
Other expenditure	61 032	67 893	71 695
Total Expenditure	192 762	207 132	218 731
Surplus/(Deficit)	(28 311)	(39 283)	(49 601)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	52 156	61 273	63 508
Contributions recognised - capital & contributed assets	–	–	–
Surplus/(Deficit) after capital transfers & contributions	23 845	21 990	13 907
Share of surplus/ (deficit) of associate	–	–	–
Surplus/(Deficit) for the year	23 845	21 990	13 907
<u>Capital expenditure & funds sources</u>			
Capital expenditure	66 642	70 440	74 385

Transfers recognised - capital	52 156	61 273	63 508
Public contributions & donations	-	-	-
Borrowing	-	-	-
Internally generated funds	14 486	9 167	10 877
Total sources of capital funds	66 642	70 440	74 385
<u>Financial position</u>			
Total current assets	19 385	20 490	21 637
Total non current assets	420 412	444 376	469 261
Total current liabilities	2 800	2 960	3 125
Total non current liabilities	-	-	-
Community wealth/Equity	436 997	461 905	487 772
<u>Cash flows</u>			
Net cash from (used) operating	66 642	70 500	65 251
Net cash from (used) investing	(66 642)	(70 440)	(74 385)
Net cash from (used) financing	-	-	-
Cash/cash equivalents at the year end	113 200	113 260	104 126
<u>Cash backing/surplus reconciliation</u>			
Cash and investments available	16 488	17 427	18 403
Application of cash and investments	(2 819)	(2 963)	(3 147)
Balance - surplus (shortfall)	19 307	20 390	21 550
<u>Asset management</u>			
Asset register summary (WDV)	420 412	444 376	469 261
Depreciation	40 000	42 280	44 648
Renewal of Existing Assets	-	-	-
Repairs and Maintenance	5 470	5 782	6 106

<u>Free services</u>			
Cost of Free Basic Services provided	291	308	325
Revenue cost of free services provided	-	-	-
<u>Households below minimum service level</u>			
Water:	-	-	-
Sanitation/sewerage:	-	-	-
Energy:	-	-	-
Refuse:	-	-	-

Operating revenue will increase from R164 450 million to R167 849 million and R169 130 respectively, equating to a total revenue growth of R3 399 million over the MTREF when compared to the 2017/18 financial year.

Total operating expenditure for the 2017/18 financial year has been appropriated at R192 762 Million. The deficit before capital revenue is as result of Depreciation [R40 Million) and Provisions R2, 8 Million. The surplus for the year will not be able to fund Capital Project; this is a result of non-cash Items which are part of operating expenditure. However the cash flow dos how that capital Projects are fully funded.

The capital budget of R66 642 million for 2017/18.Capital budget will be funded by capital grants (municipal infrastructure grant and electrification grant) and our own revenue.

Operating Revenue Framework

For Engcobo to continue improving the quality of services provided to its citizens it needs to generate the required revenue and increase its revenue base. The reality is that we are faced with backlogs on Road and Electrification. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 90 per cent annual collection rate for property rates and other key service charges;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

Table 2 Summary of revenue classified by main revenue source:

EC137 Engcobo - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)			
Functional Classification Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
<u>Revenue - Functional</u>			
<i>Governance and administration</i>	87 684	92 682	97 872
Executive and council	38 810	41 022	43 319
Finance and administration	48 874	51 660	54 552
Internal audit	-	-	-
<i>Community and public safety</i>	37 938	40 100	42 346
Community and social services	36 694	38 786	40 958
Sport and recreation	5	5	6
Public safety	1 238	1 309	1 382
Housing	-	-	-
Health	-	-	-
<i>Economic and environmental services</i>	76 843	75 137	71 150
Planning and development	30 997	26 795	20 100
Road transport	45 847	48 342	51 051
Environmental protection	-	-	-
<i>Trading services</i>	14 138	21 203	21 271
Energy sources	13 000	20 000	20 000
Water management	-	-	-
Waste water management	-	-	-

Waste management	1 138	1 203	1 271
<i>Other</i>	-	-	-
Total Revenue - Functional	216 603	229 123	232 639
<u>Expenditure - Functional</u>			
<i>Governance and administration</i>	126 337	133 539	141 017
Executive and council	34 441	36 404	38 443
Finance and administration	91 896	97 135	102 574
Internal audit	-	-	-
<i>Community and public safety</i>	10 000	10 570	11 162
Community and social services	9 258	9 785	10 333
Sport and recreation	-	-	-
Public safety	-	-	-
Housing	743	785	829
Health	-	-	-
<i>Economic and environmental services</i>	37 222	42 726	45 118
Planning and development	13 864	14 655	15 475
Road transport	23 357	28 071	29 643
Environmental protection	-	-	-
<i>Trading services</i>	19 203	20 297	21 434
Energy sources	435	460	486
Water management	-	-	-
Waste water management	-	-	-
Waste management	18 768	19 837	20 948
<i>Other</i>	-	-	-
Total Expenditure - Functional	192 762	207 132	218 731
Surplus/(Deficit) for the year	23 841	21 991	13 908

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms an insignificant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2017/18 financial year, revenue from rates and refuse removal of R4 897 Million because of the low revenue collection rate the municipality decided not to increase the budget for these sources of income.

Property rates are the second largest revenue source totaling to R3 859 Million rand. The third largest sources is 'other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, transport fees and advertisement fees.

Operating grants and transfers amount to R137 849 Million in the 2017/18 and R52 156 Million for Capital Transfers in 2017/18 1 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 3 Operating Transfers and Grant Receipts:

EC137 Engcobo - Supporting Table SA18 Transfers and grant receipts			
Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:			
—			
<u>Operating Transfers and Grants</u>			
National Government:	137 199	139 013	138 875
Local Government Equitable Share	134 108	135 843	135 622
Local government financial management grant	1 700	1 700	1 700
Municipal systems improvements grant	—	—	—
Expanded public works programme integrated grant for municipalities	1 391	1 470	1 553
Provincial Government:	650	688	727

Other transfers/grants [Library]	650	688	727
District Municipality:	-	-	-
<i>[insert description]</i>			
Other grant providers:	-	-	-
<i>[insert description]</i>			
Total Operating Transfers and Grants	137 849	139 701	139 602
<u>Capital Transfers and Grants</u>			
National Government:	52 156	61 273	63 508
Municipal Infrastructure Grant (MIG)	39 156	41 273	43 508
Electrification	13 000	20 000	20 000
Provincial Government:	-	-	-
Other capital transfers/grants [insert description]			
District Municipality:	-	-	-
SSS <i>[insert description]</i>			
Other grant providers:	-	-	-
<i>[insert description]</i>			
Total Capital Transfers and Grants	52 156	61 273	63 508
TOTAL RECEIPTS OF TRANSFERS & GRANTS	190 005	200 974	203 110

This table have list of all Grants we receive from National Treasury and transfer recognized operational amount to R137 849 Million and R52 156 Million for Capita transfers.

1.5 Operating Expenditure Framework:

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

The budgeted allocation for employee related costs for the 2017/18 financial year amount to R72 8658 Million, which equals 33% per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 9.9 per cent for the 2017/18 financial year, this include 7.4% as per circular 86 plus 2.5% Salary Notch Increment. An annual increase of 5.7 & 5.6 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality budget.

The provision of debt impairment was determined based on an annual collection rate of 97 per cent and the Debt Write-off Policy of the Municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Budget appropriations in this regard total R42 800 million for the 2017/18 financial and equates to 24.73 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Other materials comprise of amongst others the purchase of fuel, diesel, materials for maintenance, tipping of gravel roads. In line with the Municipality repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality infrastructure.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

Aligned to the priority being given to preserving and maintaining the Municipality current infrastructure, the 2017/18 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but

an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 5 Operational repairs and maintenance:

EC137 Engcobo - Supporting Table SA34c Repairs and maintenance expenditure by asset class			
Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>			
-			
<u>Infrastructure</u>	2 700	2 854	3 014
Roads Infrastructure	2 700	2 854	3 014
Roads	2 700	2 854	3 014
<u>Other assets</u>	400	423	446
Operational Buildings	400	423	446
Municipal Offices	400	423	446
<u>Computer Equipment</u>	20	21	22
Computer Equipment	20	21	22
<u>Furniture and Office Equipment</u>	350	370	391
Furniture and Office Equipment	350	370	391
<u>Machinery and Equipment</u>	1 690	1 786	1 886
Machinery and Equipment	1 690	1 786	1 886
<u>Transport Assets</u>	310	328	346

Transport Assets	310	328	346
Total Repairs and Maintenance Expenditure	5 470	5 782	6 106
<i>R&M as a % of PPE</i>	0,0%	1,4%	1,4%
<i>R&M as % Operating Expenditure</i>	0,0%	3,0%	2,9%

During the compilation of the 2017/18 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased by 19 per cent in the 2017/18 financial year equates R5 470 000. This has decreased because the municipality is using its own plan to do repairs on access roads.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification):

Functional Classification Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Revenue - Functional			
<i>Governance and administration</i>	87 684	92 682	97 872
Executive and council	38 810	41 022	43 319
Finance and administration	48 874	51 660	54 552
Internal audit	–	–	–
<i>Community and public safety</i>	37 938	40 100	42 346
Community and social services	36 694	38 786	40 958
Sport and recreation	5	5	6
Public safety	1 238	1 309	1 382
Housing	–	–	–
Health	–	–	–
<i>Economic and environmental services</i>	76 843	75 137	71 150

Planning and development	30 997	26 795	20 100
Road transport	45 847	48 342	51 051
Environmental protection	-	-	-
Trading services	14 138	21 203	21 271
Energy sources	13 000	20 000	20 000
Water management	-	-	-
Waste water management	-	-	-
Waste management	1 138	1 203	1 271
<i>Other</i>	-	-	-
Total Revenue - Functional	216 603	229 123	232 639
<u>Expenditure - Functional</u>			
<i>Governance and administration</i>	126 337	133 539	141 017
Executive and council	34 441	36 404	38 443
Finance and administration	91 896	97 135	102 574
Internal audit	-	-	-
<i>Community and public safety</i>	10 000	10 570	11 162
Community and social services	9 258	9 785	10 333
Sport and recreation	-	-	-
Public safety	-	-	-
Housing	743	785	829
Health	-	-	-
<i>Economic and environmental services</i>	37 222	42 726	45 118
Planning and development	13 864	14 655	15 475
Road transport	23 357	28 071	29 643
Environmental protection	-	-	-
Trading services	19 203	20 297	21 434
Energy sources	435	460	486
Water management	-	-	-
Waste water management	-	-	-
Waste management	18 768	19 837	20 948

<i>Other</i>	-	-	-
Total Expenditure - Functional	192 762	207 132	218 731
Surplus/(Deficit) for the year	23 841	21 991	13 908

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues. (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case for water and sanitation, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury office

Table7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Revenue by Vote</u>			
Executive & Council	27 235	28 788	30 400
Municipal manager	42 683	45 116	47 643
Corporate Services	21 952	23 203	24 503
Community services	39 076	35 219	29 191
Financial Services	26 922	28 456	30 050
INFRASTRUCTURAL ENGINEERING	58 735	68 340	70 853
7.8 -	-	-	-
Total Revenue by Vote	216 603	229 123	232 639
<u>Expenditure by Vote to be appropriated</u>			
Executive & Council	22 781	24 080	25 428
Municipal manager	25 524	26 979	28 490
Corporate Services	12 717	13 442	14 195
Community services	28 025	29 622	31 281
Financial Services	73 254	77 429	81 765
INFRASTRUCTURAL ENGINEERING	30 461	35 579	37 572
7.8 -	-	-	-
Total Expenditure by Vote	192 762	207 132	218 731
Surplus/(Deficit) for the year	23 841	21 991	13 908

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table8 MBRR Table A4 - Budgeted Financial Performance:

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
Revenue By Source			
Property rates	3 859	4 079	4 307
Service charges - refuse revenue	1 034	1 093	1 155
Rental of facilities and equipment	247	261	157
Interest earned - external investments	8 000	8 456	8 930
Interest earned - outstanding debtors	500	530	560
Dividends received		–	–
Fines, penalties and forfeits	2 000	2 114	2 232
Licences and permits	5 800	6 131	6 474
Transfers and subsidies	137 849	139 622	139 440
Other revenue	5 159	5 565	5 876
Total Revenue (excluding capital transfers and contributions)	164 447	167 850	169 131
Expenditure By Type			
Employee related costs	72 568	76 705	81 000
Remuneration of councillors	13 691	14 472	15 282
Debt impairment	2 800	2 960	3 125
Depreciation & asset impairment	40 000	42 280	44 648

Finance charges			
Bulk purchases	–	–	–
Other materials	5 470	5 782	6 106
Contracted services	–	–	–
Transfers and subsidies	–	–	–
Other expenditure	58 232	64 934	68 570
Loss on disposal of PPE			
Total Expenditure	192 762	207 132	218 731
Surplus/(Deficit)	(28 315)	(39 282)	(49 600)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	52 156	61 273	63 508
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	–	–	–
Transfers and subsidies - capital (in-kind - all)			
Surplus/(Deficit) after capital transfers & contributions	23 841	21 991	13 908
Taxation			
Surplus/(Deficit) after taxation	23 841	21 991	13 908
Attributable to minorities			
Surplus/(Deficit) attributable to municipality	23 841	21 991	13 908
Share of surplus/ (deficit) of associate			
Surplus/(Deficit) for the year	23 841	21 991	13 908

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R164 447 Million and capital grants of R52 156 in 2017/18.
2. Revenue to be generated from property rates is R3 859 Million in the 2017/18 financial year.
3. Services charges relating to refuse removal constitutes totaling R1 038 million for the 2017/18 financial year.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government.

1.6 CAPITAL BUDGET

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding:

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<u>Capital expenditure - Vote</u>			
<u>Single-year expenditure to be appropriated</u>			
Executive & Council	100	106	112
Municipal manager	6 100	6 448	6 809
Corporate Services	700	740	781
Community services	5 211	5 507	5 816
Financial Services	250	264	279
INFRASTRUCTURAL ENGINEERING	54 281	57 375	60 588
Capital single-year expenditure sub-total	66 642	70 440	74 385
Total Capital Expenditure - Vote	66 642	70 440	74 385
<u>Capital Expenditure - Functional</u>			
<i>Governance and administration</i>	1 050	1 110	1 172
Executive and council	100	106	112
Finance and administration	950	1 004	1 060
Internal audit	-	-	-
<i>Community and public safety</i>	5 211	5 507	5 816
Community and social services	5 211	5 507	5 816
<i>Economic and environmental services</i>	47 381	43 823	47 397
Planning and development	6 100	6 448	6 809
Road transport	41 281	37 375	40 588
Environmental protection			

<i>Trading services</i>	13 000	20 000	20 000
Energy sources	13 000	20 000	20 000
Total Capital Expenditure - Functional	66 642	70 440	74 385
Funded by:			
National Government	52 156	61 273	63 508
Transfers recognised - capital	52 156	61 273	63 508
Internally generated funds	14 486	9 167	10 877
Total Capital Funding	66 642	70 440	74 385

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. Single-year capital expenditure has been appropriated at R66 642 million for the 2017/18 financial year and remains relatively constant over the MTREF at levels of R70 440 million and R74 385 million respectively for the two outer years.
3. Single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment and roads. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
4. The capital programmes are funded from Municipal Infrastructure grant, Electrification grant and internally generated funds.

Table 10 MBRR Table A6 - Budgeted Financial Position:

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
ASSETS			
Current assets			
Cash	1 507	1 593	1 682
Call investment deposits	14 980	15 834	16 721
Consumer debtors	2 897	3 062	3 234
Other debtors			
Current portion of long-term receivables			
Inventory			
Total current assets	19 385	20 490	21 637
Non current assets			
Long-term receivables			
Investments		–	–
Investment property	4 013	4 242	4 480
Investment in Associate			
Property, plant and equipment	416 279	440 007	464 647
Agricultural			
Biological			
Intangible	1 451	1 534	1 620
Other non-current assets			
Total non current assets	421 743	445 783	470 747
TOTAL ASSETS	441 128	466 272	492 384
LIABILITIES			
Current liabilities			

Bank overdraft		-	-
Borrowing	-	-	-
Consumer deposits		-	-
Trade and other payables	-	-	-
Provisions	2 800	2 960	3 125
Total current liabilities	2 800	2 960	3 125
Non current liabilities			
Borrowing	-	-	-
Provisions	-	-	-
Total non current liabilities	-	-	-
TOTAL LIABILITIES	2 800	2 960	3 125
NET ASSETS	438 328	463 313	489 258
COMMUNITY WEALTH/EQUITY			
Accumulated Surplus/(Deficit)	438 328	463 313	489 258
Reserves	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	438 328	463 313	489 258

Explanatory notes to Table A6 - Budgeted Financial Position:

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position.

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement:

EC137 Engcobo - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		2									
		866	2 773	2 999	4 000	3 611	3 611	3 611	3 800	4 036	4 274
Service charges		2									
		755	679	725	1 000	1 000	1 000	1 000	850	903	956
Other revenue		3									
		915	4 691	6 509	7 255	42 255	42 255	42 255	18 679	47 997	44 039
Government - operating	1	96									
		911	71 752	109 830	139 046	139 046	139 046	139 046	134 507	140 712	147 176
Government - capital	1	54									
		832	84 139	46 804	57 304	57 304	57 304	57 304	80 431	59 392	71 524
Interest		2									
		267	2 775	2 839	3 500	3 500	3 500	3 500	5 500	5 841	6 186
Dividends											
									-	-	-
Payments											
Suppliers and employees		(120	(134	(126	(123	(147	(147	(147	(145	(150	(159
		757)	830)	852)	481)	885)	885)	885)	128)	244)	108)
Finance charges			(69)	(132)	-	-	-	-	-	-	-
					(3	(3	(3	(3	(3	(3	(3
Transfers and Grants	1				000)	000)	000)	000)	000)	186)	374)
NET CASH FROM/(USED) OPERATING ACTIVITIES		42									
		789	31 910	42 723	85 624	95 832	95 832	95 832	95 638	105 450	111 672
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		980	197	219					-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(30	(41	(40	(84	(94	(94	(94	(95	(101	(107
		681)	518)	837)	169)	291)	291)	291)	615)	543)	534)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(29	(41	(40	(84	(94	(94	(94	(95	(101	(107
		701)	321)	618)	169)	291)	291)	291)	615)	543)	534)

CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans									-	-	-	
Borrowing long term/refinancing									-	-	-	
Increase (decrease) in consumer deposits									-	-	-	
Payments												
Repayment of borrowing				(73)	(275)				-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(73)	(275)	-	-	-	-	-	-	
NET INCREASE/ (DECREASE) IN CASH HELD			13 088	(9 485)	1 829	1 455	1 541	1 541	1 541	23	3 907	4 138
Cash/cash equivalents at the year begin:		2	61 480	61 480	49 211	51 040	51 040	51 040	104 051	104 051	104 075	107 982
Cash/cash equivalents at the year end:		2	74 568	51 995	51 040	52 495	52 581	52 581	105 592	104 075	107 982	112 119

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand			
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	3 859	4 079	4 307
Service charges	1 038	1 098	1 159
Other revenue	13 201	13 954	14 735
Government - operating	137 849	139 622	139 440
Government - capital	52 156	61 273	63 508
Interest	8 500	8 985	9 488
Dividends	-	-	-
Payments			
Suppliers and employees	(149 962)	(158 510)	(167 386)
Finance charges	-	-	-
Transfers and Grants	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	66 642	70 500	65 251

Capital assets	(66 642)	(70 440)	(74 385)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(66 642)	(70 440)	(74 385)
Repayment of borrowing	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD	0	60	(9 134)
Cash/cash equivalents at the year begin:	113 200	113 200	113 260
Cash/cash equivalents at the year end:	113 200	113 260	104 126

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- It can be seen that the budget is fully funded as the municipality has no surplus or deficit.

Part 2 – Supporting Documentation

1.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2014) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 28 August 2016. Key dates applicable to the process were:

KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
	Item description	Due Date	Responsible Person
	Oct-15		
	/ STEERING COMMITTEE MEETING: - review progress and baseline operating budget.		
		09-Oct-16	Chief Financial Officer
	Quarterly Reports July-Sept	10-Oct-16	
	Schedule individual meetings with Directorate to	11-Oct-16	Chief Financial Officer

	review baseline budget and work progress for completion of changes and supplemental requests			
	IDP/Budget Steering committee	22-Oct-16	Myeko	
	Analysis phase completed	22-Oct-16	Mahlasela	
	Review current tariffs, receive requested changes from directorates and prepare options for consideration	31-February-17	Chief Financial Officer , Accountant	

	<p>SUBMISSION OF BASELINE BUDGETS AND SUPPLEMENTAL REQUESTS FROM DIRECTORATES: Final date for submission of all Baseline Operating Budgets, Capital Budgets and Operational plans by Directorates to the budget office.</p>	31-February-17	Directorates	
STRATEGIES	September-15			
	Draft report on proposed tariff changes for review to IDP/PMS/ Budget Steering Committee and review Implementation progress and	06-March-17	Chief Financial Officer, Accountant	

	report on gaps identified during the analysis phase			
	IDP/PMS/Budget Rep Forum	07-March-17		
	Review of organizational structure		Mayor, Corporate Service Manager	
	Prepare first draft of operating and capital medium term budget based on baseline operating budgets submitted by directorates	31-February-17	Chief Financial Officer	
PROJECTS	Dec-13			
	MAYORAL / STEERING COMMITTEE MEETING: - review progress, baseline budget report AND DRAFT TARRIFS	04-Dec-16	Chief Financial Officer	

	and prepare for project phase			
	Jan-14			
	Sections and directorate meet to discuss strategies and objectives	07-10 January 2017	Managers	
	STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET	14-February-17		

	Exco meeting: Final review of 2017/18 operating and capital budget for approval to council and submission to the provincial and national treasury	18 February 2017	Municipal Manager	
	SUBMISSION OF CAPITAL BUDGET REQUESTS FROM DIRECTORATES: Final date for	20-Jan-16	All Managers	

	submission of all Capital Budget plans by Directorates to the budget office.			
	Departmental Strategic Planning Sessions	27-28-January 16		
	Council Meeting for Budget adjustment and SDBIP review	31-Jan-16		
	KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE			
	Item description	Due Date	Responsible Person	
ALIGNMENT AND ADOPTION	Feb-16			
	STEERING COMMITTEE MEETING: -	03-Feb-16		

	review progress and the DRAFT BUDGET.		
	IGR Meeting	04-Feb-16	
	IDP/Budget Rep Forum	05-Feb-16	
	Mid-Year Performance Report by Audit Committee	06-Feb-16	
	IDP Strategic planning workshop	24,25,26 &27 February 16	
	Mar-15		
	STEERING COMMITTEE MEETING: - review progress and DRAFT BUDGET.	06-Mar-16	
	IGR Meeting	04-Mar-16	Municipal Manager
	SDBIP performance indicators	11-Mar-16	

	workshop and service delivery targets for 2014/15 for review.		
	MPAC Hearings on Annual Report	12-13 March 16	Directorates
	CHDM IDP Rep Forum	14-Mar-16	
	/ STEERING COMMITTEE MEETING: final operating and capital budget presented to Mayoral committee for review	19-Mar-16	Chief Financial Officer
	Executive committee meeting	20-Mar-16	
	COUNCIL MEETING: Council (after consideration of the 2013/2014 Annual Report) to adopt an Oversight Report.	25-Mar-16	Oversight Committee

	COUNCIL MEETING: Operating and Capital budget and IDP tabled to Council for consultation with the community	25-Mar- 16	Mayor
	Submit to National Treasury, Provincial Treasury and the MEC responsible for Local Government the Annual Financial Statements, the 2012/13 annual and audit report and any corrective action taken in response to the findings of the audit report.	28-Mar- 16	
	IDP and Annual Budget published. Advertise for public comment (21days)	31-Mar- 16	Administrative Director
	IDP/Budget	7-16	

	roadshows - public hearings	March 16	
	Quarter 3 Performance reporting (Jan - March))	03-Mar- 16	
	Quarter 3 Performance reporting assessment (Jan - March))	10-11 April 16	
	Submit annual budgets in required form to NT, Provincial Treasury	10-Apr- 16	Chief Financial Officer

	KEY DEADLINES FOR BUDGET PREPARATION SCHEDULE		
	Item description	Due Date	Responsible Person

	Check with National, Provincial Governments and District Municipality for any adjustments to projected allocations for the next three years.	16-Apr-17	Chief Financial Officer
	Directorates are to provide a list of Capital Projects to be rolled over for inclusion in the 2015/16 Budget to the budget office and cash balances forward for grant projects.	30-Apr-17	Directorates
	Public meetings and consultation on IDP/ Budget	15- 29 April 2017	Speaker and Mayor
	May-15		
	IGR Meeting	06-May-17	
	MAYORAL IMBIZO	09-May-17	MAYOR

	Final Budgets prepared taking into consideration submissions made during consultation process	13-May-17	
	MEETING OF MAYORAL / STEERING COMMITTEE: Approval of FINAL operating and capital budget for presentation to the full council	14-May-17	
	CHDM Technical IGR	15-May-17	Chief Financial Officer
	CHDM IDP Rep Forum	19-May-16	
	Council Workshop on the Final IDP prior Adoption	21-May-16	

	COUNCIL MEETING: IDP & Budgets for 2017/18 adopted by Council along with the Mayor's budget address	30 May 17	Mayor, Finance MM
	Jun-16		
	The Service Delivery and Budget Implementation Plans (SDBIP) along with the annual performance agreements for the Municipal Manager and all managers directly responsible to the MM (based on the operational plans and IDP) is to be issued to the Mayor by the MM	13 June 17	Municipal Manager

	IDP & Annual Budget reports to National, Provincial Treasury and the District municipality.	13 June-17	Chief Financial Officer / MYEKO
	MAYORAL TO APPROVE SDBIP AND PERFORMANCE	26-Jun-17	MAYOR
	AGREEMENTS within 14 days after receiving them.	04-Jul-17	

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

Legislation compliance status:

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality website.
2. Internship programme
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Of the five interns one has been appointed permanently from December 2015.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document has been finalized and tabled to council with the Annual budget.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.

Municipal manager's quality certificate

I, municipal manager of Engcobo, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Engcobo Local Municipality

Signature _____

Date _____